

AMENDED IN SENATE JULY 6, 2011  
AMENDED IN ASSEMBLY APRIL 14, 2011  
AMENDED IN ASSEMBLY APRIL 11, 2011  
CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

## Assembly Joint Resolution

**No. 3**

---

**Introduced by Assembly Member Dickinson**  
(Coauthors: Assembly Members Achadjian, Allen, Ammiano, Atkins, Beall, Bill Berryhill, Block, Blumenfield, Bonilla, Bradford, Brownley, Buchanan, Campos, Carter, Cedillo, Chesbro, Cook, Davis, Donnelly, Eng, Fletcher, Fong, Fuentes, Furutani, Gatto, Gordon, Hagman, Hall, Hayashi, Roger Hernández, Hill, Huber, Hueso, Huffman, Jeffries, Lara, Bonnie Lowenthal, Ma, Mansoor, Mitchell, Monning, Nestande, Nielsen, Norby, Pan, Perea, John A. Pérez, V. Manuel Pérez, Skinner, Smyth, Solorio, Swanson, Torres, Valadao, Wieckowski, and Yamada)

February 1, 2011

---

Assembly Joint Resolution No. 3—Relative to taxation.

### LEGISLATIVE COUNSEL'S DIGEST

AJR 3, as amended, Dickinson. Federal taxation.

This measure would urge Congress to extend the alternative minimum tax holiday for private activity bonds.

Fiscal committee: no.

1     ~~WHEREAS, The federal Tax Reform Act of 1986 classified~~  
2     ~~debt issued by publicly owned airports as taxable private activity~~  
3     ~~bonds; and~~

1     *WHEREAS, The federal Revenue and Expenditure Control Act*  
2     *of 1968 classified debt issued for publicly owned airports as*  
3     *tax-exempt private activity bonds; and*

4     *WHEREAS, The federal Tax Reform Act of 1986 required*  
5     *taxpayers to include interest income from private activity bonds*  
6     *for purposes of the alternative minimum tax; and*

7     *WHEREAS, The application of the alternative minimum tax*  
8     *within the bond marketplace results in investors requiring higher*  
9     *interest rate premiums when airports bring debt issues to market;*  
10    *and*

11    *WHEREAS, Airport bonds must typically carry interest rates*  
12    *1.5 percent higher than nontaxable bonds, costing \$20 million in*  
13    *increased financing costs for a \$250 million airport project; and*

14    *WHEREAS, Congress enacted an alternative minimum tax*  
15    *holiday for private activity bonds resulting in increased levels of*  
16    *capital projects at airports nationwide; and*

17    *WHEREAS, Many airport capital construction projects address*  
18    *a combination of safety, security, and capacity requirements and*  
19    *will improve the efficiency of airport operations; and*

20    *WHEREAS, California airports are currently investing*  
21    *approximately \$2 billion in capital construction projects; and*

22    *WHEREAS, Capital investments at California airports are*  
23    *generating hundreds of construction and permanent employment*  
24    *opportunities; now, therefore, be it*

25    *Resolved by the Assembly and the Senate of the State of*  
26    *California, jointly, That the Legislature respectfully urges Congress*  
27    *to extend the alternative minimum tax holiday for private activity*  
28    *bonds to maintain strong capital investments at California airports;*  
29    *and be it further*

30    *Resolved, That the Chief Clerk of the Assembly transmit copies*  
31    *of this resolution to the President and Vice President of the United*  
32    *States, to the Speaker of the House of Representatives, to the*  
33    *Majority Leader of the Senate, and to each Senator and*  
34    *Representative from California in the Congress of the United*  
35    *States.*

O